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Reports Issued in June 1988

National Defense

DOD Acquisition Programs: Status of Selected Systems

GAO/NSIAD-88-160, June 30.

This report reviews 23 defense acquisition programs to provide current information on each one's requirements, schedule, performance, cost, and funding support. In evaluating each of the programs, GAO looked into its need; any significant increase in capability; schedule slippage in the past few years or any indication of future slippage; demonstrated performance indicating that the program will meet requirements; indications of significant obstacles to achieving desired performance; cost growth; indications of future cost growth; cuts within DOD due to budget constraints; and adequate funds.

Procurement: Multiyear Contracting and Its Impact on Investment Decisions

GAO/NSIAD-88-125, May 10.

Although firms in the defense industry have generally continued to lag behind comparable nondefense firms in making equipment investments, many who made such investments cited their multiyear contracts as an influencing factor. The defense industry has been underinvesting because DOD policies governing the method contractors use to determine profits from defense work and the use of annual contracting for major, long-term DOD weapon system acquisitions have discouraged investment. The Congress broadened DOD's multiyear contracting authority in 1981 as a way to encourage defense firms to improve production efficiency and reduce the cost of acquiring weapon systems.

Strategic Defense Initiative Program: National Test Bed Acquisition Has Not Proceeded as Planned

Acc. No. 136026 (GAO/NSIAD-88-180FS), June 9.

The Strategic Defense Initiative Organization's National Test Bed is to provide a computer-based simulation capability to assess strategic defense systems without actually building or deploying such a system. It can potentially provide the data considered necessary for a full-scale development program decision in the early 1990s that can increase confidence and support judgments about a strategic defense system's military effectiveness, survivability, and cost-effectiveness. However, delays in contract implementation, program objectives to establish an early analysis capability, and construction have been experienced. It is

too early to determine the effect of these delays on the overall SDI program.

**Strategic Defense Initiative Program:
Information on Reprogramming and
Department of Energy Efforts**

GAO/NSIAD-88-162FS, May 27.

About \$93.4 million, or 1.3 percent, of the \$7,388.2 million appropriated for the Strategic Defense Initiative Organization in FY 1984 through 1987 from the Research, Development, Test, and Evaluation appropriation account has been involved in reprogramming actions. As of December 1987, SDIO had received congressional approval for one Military Construction appropriation account reprogramming action of \$2.91 million. The Department of Energy received about \$750.6 million in FY 1987 for SDI nuclear and nonnuclear research. Of this amount, DOE provided \$392.3 million, and SDIO and its executing organizations—the military services, the Defense Advanced Research Projects Agency, and the Defense Nuclear Agency—provided an estimated \$358.3 million. Inter-agency agreements between SDIO and DOE define responsibilities and procedures, and a DOD/DOE Steering Committee has been established to coordinate SDI program activities between the two departments.

**Air Force Pilots:
U.S. Air Force
Requirements, Inventory,
and Related Data**

Acc. No. 135964 (GAO/NSIAD-88-163), June 1.

As of December 1987, the Air Force had authorized 23,300 pilot positions and had assigned 23,358 pilots, an overage of 58 pilots. Because of changing force structures, funding constraints, budget review decisions, and retention rates, the Air Force makes frequent and sometimes significant changes to requirements and inventory projection. As a result, predictions of future pilot overages/shortages vary significantly. However, projections show shortages of pilots beginning in FY 1988 and increasing to about 1,700 pilots in FY 1992. Updated estimates of requirements and inventories show a pilot shortage of about 2,000 in FY 1992. Pilot requirements at the wing level are usually filled. When shortages exist, most of unfilled pilot requirements are likely to be in staff positions, professional military education positions, and other office positions not requiring pilots.

**Inventory Management:
Air Force Inventory
Accuracy Problems**

GAO/NSIAD-88-133, May 12.

The Department of the Air Force maintains inventories valued in the billions but inventory control, record accuracy, and physical security

continue to be a problem. The Air Force has implemented a variety of policies and practices to improve inventory management but it still experiences problems in conducting adequate causative research into the differences between physical inventory counts and its records. Corrective actions should be reported in the FY 1988 Financial Integrity Act report by the Secretary of the Air Force.

**Aircraft Preservation:
Preserving DOD Aircraft
Significant to Aviation
History**

GAO/NSIAD-88-170BR, May 31.

GAO found that under the National Historic Preservation Act, the Department of Defense can nominate aircraft with historic significance in U.S. aviation history for listing on the National Register of Historic Places. This report notes that DOD had not nominated any aircraft to the National Register and that it believed the act applies to aircraft only in the most unusual circumstances and located in an appropriate historic setting. If DOD elects not to nominate aircraft to the National Register, the act's regulations provide that any person or organization may submit a request for nomination. Although none of the four military services had nominated any aircraft to the National Register, they were preserving and displaying those aircraft they identified as the most significant in U.S. aviation history in their museum collections.

**Navy Maintenance:
Ship Maintenance
Strategies Need Better
Assessments**

Acc. No. 136067 (GAO/NSIAD-88-187), June 14.

The Navy lacks a number of essential management features in the ship maintenance program. First, it made decisions to place certain classes of ships in different maintenance strategies quickly in response to budget adjustments without essential supporting data. Second, the Navy has not established criteria for assessing proposed changes, and the maintenance strategies for surface ships have been in a constant state of revision. Third, data needed to manage the program effectively are not available. Finally, there is no feedback loop that tells managers how the program is working. Unless these deficiencies are addressed, the Navy will not be in a position to evaluate future strategy changes.

**Reserve Training:
An Alternative to the
Active Army Education
Program for National
Guard Technicians**

GAO/NSIAD-88-164, June 28.

The Military Education Program for Army National Guard technicians is an active Army program providing **leadership and advanced military occupational specialty technical training**. GAO believes that the Reserve Component Program, together with **implementation of training management improvements**, may be a viable alternative to the MEP. The two programs are now more similar in **design and content** and, as a result, technicians would receive similar **leadership training and advanced technical training** at the new Reserve Component Program. The National Guard Bureau can also reduce costs by **changing its policy** to allow current and future NCO technicians to **attend the new Program** instead of the MEP. This change in Bureau policy should result in less personal inconvenience to technicians.

**Household Goods:
Adjustment of DOD's
Shipping Rates Based on
Foreign Currency
Fluctuation**

GAO/NSIAD-88-154, June 30.

Under the foreign currency rate adjustment program, the Military Traffic Management Command had **allowed companies** transporting Department of Defense household goods shipments to **adjust their otherwise contractually fixed shipping rates weekly** to compensate for fluctuations in foreign currency exchange rates. In October 1984, MTMC informed the commercial household goods moving and storage industry that it was discontinuing the program, **saying that it had the potential for fraud, waste, and abuse**. GAO found **no overriding reason** to recommend that MTMC reinstitute the **currency fluctuation program**. MTMC had transferred the risk inherent in **exchange rate fluctuations** from DOD to the moving industry where GAO believes it should be. The households goods moving and storage industry continues to **demonstrate a willingness to offer MTMC rates that are comparable to those offered** when the program was in effect.

**Military Travel:
Differences in Military
Services' Temporary Duty
Travel Budgets**

GAO/NSIAD-88-139, June 17.

A significant difference exists in the **military services' budgeted per capita costs for temporary duty travel**. GAO believes that the Army and Air Force per capita bases are higher because (1) **since the number and location of a service's military and civilian personnel affect its TDY budget** and the Navy and Marine Corps personnel are not as widely dispersed within the continental United States, their TDY travel requirements are less than those of the Army and Air Force; (2) the services—Army and

Air Force—with more dependents located outside CONUS would have the greater requirement for dependent TDY travel; and (3) there are some variations in the way each service categorizes TDY costs.

**Military Cargo Routing:
Allocation of Port
Handling Costs**

GAO/NSIAD-88-148, Apr. 27.

The ocean carrier Fednav alleged that the Military Traffic Management Command had improperly allocated port handling costs when determining the lowest cost route for cargo originating in the Great Lakes area and destined for northern Europe. Fednav contended that, because ocean carriers operating through a government-owned military terminal at Charleston, South Carolina, were not charged the full cost of using the terminal, these carriers had an unfair advantage when competing for cargo. In contrast, Fednav moved cargo through commercial terminals in the Great Lakes area and had to pay for using them. GAO believes that MTMC acted in accordance with its regulations and complied with existing procurement laws in determining the lowest cost cargo routes.

**Army Transportation:
Alleged Overcharges on
Rail Shipments to and
From Fort Irwin,
California**

GAO/NSIAD-88-174, May 13.

A former internal review auditor at the U.S. Army National Training Center at Fort Irwin, California, alleged that military units traveling to and from NTC were frequently overcharged for the rail transportation of military equipment and that in many cases the railroads were not billing the Army according to the negotiated rates and conditions. He further alleged that the installation transportation offices often were not identifying rail car substitutions when preparing the Government Bill of Lading. The auditor provided documentation prepared while he was employed by NTC showing a total of about \$3.3 million in overcharges on 33 one-way moves during FY 1982 through 1986. This report substantiates the allegations.

**National Defense
Stockpile:
Relocation of Stockpile
Materials**

GAO/NSIAD-88-142, June 15.

A 1986 General Services Administration study recommended selling the National Defense Stockpile storage depot in New Bedford, Massachusetts, to reduce inventory of warehouse space. As a result of the sale, GSA reported a 5 to 1 cost advantage to the government. This substantially overstates the cost-benefits of this sale. In its calculations, GSA did not consider the associated costs of closing an unmanned satellite

depot located in nearby Davisville, Rhode Island. Internal GSA documents showed that stockpile managers were concerned about the impact of the sale of New Bedford on the management of the National Defense Stockpile, saying that such sales resulted in an undesirable concentration of national security assets and the loss of needed expansion space. The decision to sell the New Bedford depot cannot be reversed, and the closure of the Davisville facility is almost complete. As of March 1988, all but \$700,000 of the estimated relocation expenses have been incurred.

**Defense Health Care:
Reimbursement of
Hospitals Not Meeting
CHAMPUS Copayment
Requirements**

Acc. No. 136102 (GAO/HRD-88-102), June 1.

For nearly 2 years, the Civilian Health and Medical program of the Uniformed Services denied payments totaling about \$615,000 to a heart and lung hospital because it did not bill patients for their shares of the hospital's charges. Congress enacted legislation requiring CHAMPUS to reimburse the claims of heart and lung hospitals that imposed no obligation on patients to pay and to receive a specified portion of their operating funds from charitable contributions. GAO identified four options for the Congress to consider concerning CHAMPUS' reimbursement. They range from permitting the existing legislation to expire at the end of FY 1988 to authorizing Defense to reimburse hospitals that do not bill patients for their copayments if those hospitals meet specified criteria. GAO believes that hospitals should be required to apply to Defense for an exemption from CHAMPUS' copayment requirements and that Defense should be required to act on hospitals' applications.

**ADP Standards:
Army Cancels Restrictive
3-Tier Architecture
Standards**

GAO/IMTEC-88-13, May 17.

Army's 3-tier architecture policy outlines three levels for processing and exchanging data to promote interoperability among its various automated systems. The 3-tier standards, which specify proprietary computer products without justification, would have limited all future Army ADP procurements in a manner which is inconsistent with the requirements under the Competition in Contracting Act. Withdrawal of the standards and development of new standards that are in compliance with public laws and federal and Defense regulations will help to correct problems.

**Federal Catalog System:
Continuing Item
Identification Problems**

GAO/NSIAD-88-121, May 5.

Many of the 6.1 million Department of Defense supply items in the Federal Catalog System have inadequate identification. Many are still inappropriately named, inadequately described, incorrectly classified, and improperly numbered. This inadequate identification not only results in poor cataloging but also hinders other logistics functions and may cause unnecessary purchases. It can also result in millions of dollars being needlessly spent to enter and maintain items previously cataloged.

International Affairs

**Foreign Aid:
Improving the Impact and
Control of Economic
Support Funds**

GAO/NSIAD-88-182, June 29.

The United States provided about \$3.9 billion in Economic Support Fund assistance to 48 foreign countries in FY 1987. Because the United States uses ESF to address not only economic but also political and security objectives, the Agency for International Development, which administers ESF programs, needs flexibility in choosing the program type which most effectively addresses U.S. and recipient country needs. In pursuing economic policy reform, AID needs to adapt its approach to individual country circumstances, particularly when other U.S. foreign policy interests compete with the need for policy reforms. Although AID still needs to resolve certain difficulties associated with cash transfer separate accounting, a new legislative requirement has had the beneficial effect of focusing AID attention on how cash transfers can best address individual country needs.

**Strategic Minerals:
Extent of U.S. Reliance on
South Africa**

Acc. No. 136162 (GAO/NSIAD-88-201), June 22.

South Africa's role as a supplier of the 10 certified minerals of the United States has varied over the past 5 years. It has become a more important supplier for some, a less important supplier for others, and its supplier role has remained unchanged for the remainder. Except for two of the platinum group metals, alternative supply sources exist for these imported strategic minerals. Aside from these exceptions, the United States could still get the minerals if it imposed a unilateral embargo although there would probably be supply disruptions and increased economic cost to the United States. A Bureau of Mines report estimates a 5-

year cumulative direct economic cost of a U.S. embargo on South Africa for six of the minerals at \$9.25 billion, or \$1.85 billion annually. The Comprehensive Anti-Apartheid Act requires that the President develop a program to reduce any U.S. dependence on South African strategic minerals but a time period has not been developed.

**International Finance:
Competitive Concerns of
Foreign Financial Firms in
Japan, the United
Kingdom, and the United
States**

GAO/NSIAD-88-171, June 24.

The United States has adopted the policy of national treatment for foreign financial firms operating within its borders. The Congress is concerned that national treatment also be provided U.S. financial firms in overseas markets to ensure access to these markets. These U.S. firms report that they are generally accorded national treatment in the United Kingdom and in Japan, but they still find it difficult to do business in Japan. Foreign financial firms express overall satisfaction with the degree of competitive opportunity they are provided in the United States. In all three nations, financial firms judged remaining national treatment concerns as minor relative to general conditions. Financial firms expressed most concern about additional issues which transcend national treatment, such as the deregulation and globalization of financial markets. The success of national treatment in eliminating regulatory barriers has enabled financial firms to engage in global business and highlights the need for countries to coordinate financial market oversight and regulation.

**International Trade:
Commodity Credit
Corporation's Export
Credit Guarantee
Programs**

GAO/NSIAD-88-194, June 10.

The Foreign Agricultural Service manages two Commodity Credit Corporation credit guarantee programs which promote U.S. agricultural exports. CCC is required to make available not less than \$5.0 billion in guarantees to countries each year through FY 1990 for the Export Credit Guarantee Program and at least \$500 million in guarantees each year through FY 1988 and not more than \$1.0 billion in FY 1989 and 1990 for the Intermediate Export Credit Guarantee Program. GAO could not quantify the extent to which the programs generated new exports but they enable buyers with limited hard currency to purchase commodities and offset the impact on U.S. agricultural exports of credit provided by other exporting countries. Management improvements are needed to better administer the programs so that CCC can accurately

account for outstanding guarantees, ensure that U.S. agricultural commodities are being purchased with guarantees provided, and provide adequate program guidance to all program participants.

**Export Controls:
Assessment of Commerce
Department's Reports on
Controls on Certain
Exports to Iran**

Acc. No. 135978 (GAO/NSIAD-88-166), June 2.

Controls on exports of scuba gear and related equipment and on products with potential military application were imposed on Iran to (1) distance the United States from that country and its policies and other acts aimed at U.S. strategic interests and (2) demonstrate the resolve of the United States not to provide direct or indirect military support for the Iranian war effort. GAO's assessment of the Department of Commerce's reports on the two sets of foreign policy controls found them in compliance with specific requirements of the Export Administration Amendments Act of 1985.

**Export Licensing:
Number of Applications
Reviewed by the Defense
Department**

GAO/NSIAD-88-176FS, May 13.

The number of export license applications reviewed by the Department of Defense since FY 1986 has declined. The decline has occurred in free world license applications—from 8,059 in FY 1986 to 3,544 in FY 1988—consistent with the reduced number of free world countries included in DOD license review. DOD also reviews a small number of other license applications for free world destinations referred by the Department of Commerce, principally involving supercomputers, and by the Subgroup on Nuclear Export Coordination, an interagency group that reviews dual-use products that have nuclear-related applications. DOD does not have specific data on the number of these applications.

Science, Space, and Technology

Space Exploration: NASA's Deep Space Missions Are Experiencing Long Delays

GAO/NSIAD-88-128BR, May 27.

The National Aeronautics Space Administration's deep space missions to Jupiter, the sun, Venus, and Mars are to improve scientific knowledge of our solar system and selected planets in it. The missions have experienced significant cost increases and their launches have been delayed well beyond the initial schedules because of lack of launch capability, development difficulties, and funding constraints. This report summarizes this information; separate reports—Space Exploration: Cost, Schedule, and Performance of NASA's Ulysses Mission to the Sun, GAO/NSIAD-88-129FS, May 27; Space Exploration: Cost, Schedule, and Performance of NASA's Magellan Mission to Venus, GAO/NSIAD-88-130FS, May 27; Space Exploration: Cost, Schedule, and Performance of NASA's Mars Observer Mission, GAO/NSIAD-88-137FS, May 27; and Space Exploration: Cost, Schedule, and Performance of NASA's Galileo Mission to Jupiter, GAO/NSIAD-88-138FS, May 27.

Energy

Nuclear Science: History and Management of the DOE/Air Force Small Reactor Project

GAO/RCED-88-138, May 26.

The joint Department of Energy and Air Force small reactor project was intended to develop a prototype reactor to assess the possibility of using nuclear power to meet the secure power needs of the Air Force. The project ran for a period of 4 years and cost about \$3.75 million. Despite the time and money spent, it made little progress toward its intended goal, and the Air Force decided to terminate the project in May 1987. Several problems with DOE's and the Air Force's management of the project contributed to its termination, including (1) the feasibility of using nuclear power that was not clearly established and documented prior to the decision to proceed with the project, (2) disagreements between DOE and the Air Force that contributed to a shifting of responsibility for the project, and (4) an Air Force failure to coordinate its request for project funding with the appropriate congressional committees. The Air Force is

now planning another study of energy technologies to identify a potential power source to meet its secure needs. Even today, the Air Force is unsure of the extent of its need.

**Nuclear Waste:
DOE's Handling of
Hanford Reservation
Iodine Information**

GAO/RCED-88-158, May 25.

In August 1987, the Department of Energy released information showing the presence of Iodine-129, a radioactive material, in groundwater beneath its Hanford Reservation in southeastern Washington State. DOE's handling of the situation discouraged disseminating the information within and outside the agency. In fact, the discouragement was so pervasive that GAO believes DOE might never have publicly released the information if the Nuclear Regulatory Commission, through its on-site representative, had not identified and pursued the issue. DOE maintains that the available information concerning Iodine-129 migration is insufficient to disqualify Hanford from consideration; addressing it in the environmental assessment would not have affected its selection of Hanford as a candidate repository site. NRC and Washington State agree that not enough is known about the Iodine-129 migration issue to have rejected Hanford on that basis.

**Federal Electric Power:
Development of Bonneville
Electricity Rates for the
1988-89 Period**

Acc. No. 135996 (GAO/RCED-88-126), June 7.

Bonneville Power Administration, marketer of nearly half of the power used in the Pacific Northwest, announced a possible power rate increase of up to 35 percent for FY 1988-89. In July 1987, the administrator formally proposed a 7.7-percent rate increase. Growth in 1988-89 budgets, uncertainty over revenues that could be expected, and the need for greater assurance that Treasury obligations would be repaid on time were the three factors that influenced Bonneville's decision for the increase. Bonneville was able to reduce the size of the 1988-89 increase from a possible 35 percent to 7.7 percent primarily by identifying, through informal budget reviews with its power users and others, reductions totaling nearly \$865 million in its projected budgets.

**Energy Management:
How States Are Using
Exxon and Stripper Well
Funds**

GAO/RCED-88-145FS, May 16.

In 1978, the Department of Energy charged the Exxon Corporation with overpricing crude oil which resulted in overcharges to its customers. DOE ordered Exxon to pay the agency, as restitution for the overcharges,

\$2.098 billion in principal and interest which DOE disbursed to the states. Stripper Well fund distributions totaling \$854 million as of June 1987 made to states were the result of allegations that crude oil producers had miscertified federally controlled crude oil to avoid price restrictions. As of June 1987, most of the Exxon funds that states had obligated or spent went to three energy conservation/energy assistance programs—Weatherization Assistance Program, State Energy Conservation Program, and the Low-Income Home Energy Assistance Program. While states may also use Stripper Well funds for these programs, most of the funds states have obligated or spent have gone to other authorized programs.

**Synthetic Fuels:
Comparative Analyses of
Retaining and Selling the
Great Plains Project**

GAO/RCED-88-172, June 10.

The Great Plains Project, located near Beulah, North Dakota, is the nation's only commercial-scale coal gasification plant built to produce synthetic natural gas of pipeline quality. GAO's cash-flow analysis showed that if the ANG Coal Gasification Company continued to operate the project under the Department of Energy ownership, the government's net financial return from gas sales, by-product sales, and pipeline transportation fees would be about \$1.5 billion over the project's remaining 22-year operating life. The \$1.5 billion would have a present value of about \$569 million. From 1988 through 2009 the project would generate about \$6.9 billion in total revenues. For the federal government to be as financially well off from selling the project as it would expect to be from retaining ownership, the project would have to be sold for about \$1 billion. A \$1.029 billion sale price would be needed for the government to receive an income that would equate to the \$569 million present value figure that GAO calculated as the project's retention value.

**Naval Petroleum Reserves-
1:
Data Corrections Made but
More Accurate Reserve
Data Needed**

GAO/RCED-88-174, June 28.

In March 1987, GAO reported on data inaccuracies at the Naval Petroleum Reserve No. 1 in California, stating that these inaccuracies probably result in incorrect computations of the maximum efficient production rates and could result in the government getting less than its share of remaining recoverable reserves should NPR-1 be sold. The Department of Energy's actions in response to the report's recommendations improved the accuracy of production data; other actions still underway, when completed, could largely correct the inaccuracies. DOE also established improved internal controls over review and evaluation

of production allocation factors but the effectiveness can be judged only after all corrections are made and have been in place for some time.

Natural Resources and Environment

Federal Land Management: Use of Nonfederal Funds and Services for Projects on Public Lands

GAO/RCED-88-132, May 17.

Businesses, individuals, and state and local governments that use U.S. public lands must obtain approval and may be required to pay the federal government for permit processing costs and for certain other requirements related to the use of the land. The Bureau of Land Management collects such payments and in some instances receives voluntary contributions of funds and services for the land-management activities it performs. In FY 1987, BLM spent about \$6.5 million received from nonfederal entities. The Bureau can properly accept and use such funds but this acceptance could offer the opportunity for conflicts of interest because the salaries of BLM staff responsible for monitoring land-use permits are sometimes paid from funds provided to BLM by the permittees.

Rangeland Management: More Emphasis Needed on Declining and Overstocked Grazing Allotments

Acc. No. 136027 (GAO/RCED-88-80), June 10.

The federal government allows private interest groups to graze livestock on over 70 percent of the 367 million acres of land the government owns in 16 western states. The Bureau of Land Management and the Forest Service are required to maintain a current inventory on range conditions but much of the data in both agencies' inventories was more than 5 years old. Recent reports showed that over 50 percent of the public rangelands remained in either poor or fair condition. Further rangeland damage can occur because authorized livestock grazing levels were higher than the land could support. Neither the Bureau nor the Service is concentrating its management attention or resources on those grazing allotments that their range managers believed were threatened with further deterioration.

**Parks and Recreation:
Problems With Fee System
for Resorts Operating on
Forest Service Lands**

GAO/RCED-88-94, May 16.

The Forest Service uses a system to calculate special-use permit fees which allow the private sector to provide certain types of recreation activities on Service lands. But the Service has no assurance that its fee system formula calculates fair market value, and the rates used in the formula have never been updated to reflect changed economic conditions. Further, past studies have concluded that the formula has methodological defects that cause the Service to receive less than market value for its winter resort permits. GAO believes that it is possible to develop a system that captures a fee more closely reflecting the fair market value of individual resort permits, but the use of this system could be cost-effective only for the larger resort operations. For smaller operations, the Service should implement an alternative fee formula that is cost-effective to administer.

**Hazardous Waste:
Many Enforcement
Actions Do Not Meet EPA
Standards**

GAO/RCED-88-140, June 8.

To strengthen the enforcement of regulatory requirements, the Environmental Protection Agency adopted a policy designed to ensure that timely actions are taken against violators and that the actions taken are appropriate, given the regulatory violation. EPA and state enforcement actions were both timely and appropriate in only 37 percent of 836 cases GAO reviewed. Limited resources, lack of penalty authority, and other reasons were given by regions and states for the poor performance. EPA regions are not taking action against violators when the states fail to do so because they fear impairing state relationships. Until performance is improved, the deterrent effect of enforcement actions could be weakened.

**Air Pollution:
Better Internal Controls
Needed to Ensure
Complete Air Regulation
Dockets**

GAO/RCED-88-128, Apr. 26.

The Environmental Protection Agency is not always complying with the Clean Air Act requirement that copies of draft air regulations sent to the Office of Management and Budget for review be in the docket. The Office of Air and Radiation's inadequate internal control procedures for managing its dockets contributed to this situation. Without these documents, the public is prevented from knowing EPA's original position on a regulation and how the regulation may have subsequently changed.

Agriculture

Sugar Program: Issues Related to Imports of Sugar-Containing Products

GAO/RCED-88-146, June 22.

The federal government protects domestic sugar production by limiting the quantity of foreign sugar available on the U.S. market. A precise accounting for imported sugar-containing products cannot be made but GAO estimates that in 1986 from 265,000 tons to 307,000 tons of sugar may have doubled displaced domestic sugar in 1982 by entering the United States in sugar-containing products under 46 tariff categories. This was in addition to just over 1.7 million tons of commodity sugar that was imported under the 1986 commodity sugar program quota. Of the additional sugar, about 40,000 tons were in products blended in foreign trade zones. At some of these FTZs Customs paperwork controls and enforcement efforts were not always sufficient to ensure compliance with laws and regulations. Options to the President to limit importation of sugar-containing products include (1) extending additional import restrictions, via import quotas or fees and (2) submitting legislative proposals to rewrite tariff schedule descriptions to close loopholes.

Farm Payments: Benefits and Costs of Trading in USDA Commodity Certificates

Acc. No. 135979 (GAO/RCED-88-142BR), June 2.

Commodity certificates are similar to the payment-in-kind program under which the Department of Agriculture provides commodities directly to farmers instead of cash payments. The practice of "long-distance PIK and roll" enabled certain holders of commodity certificates to exploit differences in the market value of commodities between some sections of the country. The practice resulted in windfall profits to those who took advantage of it. This report estimates (1) the volume of grain that was involved in long-distance PIK-and-roll transactions, (2) the monetary benefits derived from this practice, (3) how those benefits were distributed among producers, sellers of certificates, warehouse operators, and others involved in the transaction, and (4) costs of long-distance PIK and roll to the government.

California Dairy: Production, Sales, and Product Disposition

Acc. No. 136077 (GAO/RCED-88-180FS), June 15.

Milk production in California has grown faster than in the nation as a whole and costs of production from 1981 to 1986 were high relative to

other regions. However, overhead expenses, taxes, insurance, and capital replacement costs were lower than for the Upper Midwest, Corn Belt, and Northeast regions. Residual returns to California milk production have been considerably greater than residual returns to milk production in the other three regions. California uses marketing quotas and a weighted formula to determine prices; prices paid to the state's producers were lower than prices elsewhere under federal marketing orders during 1986 and 1987. Most of the increase in milk product manufacturing has been in cheese production—an increase to almost 500 million pounds in 1987 from about 250 million pounds in 1982.

**Food Stamp Program:
Sanction Estimates Based
on Assumed Error-Rate
Thresholds**

GAO/RCED-88-178FS, June 2.

The federal government levies sanctions against states for excessive erroneous benefit payments made by the states under the Food Stamp Program. States are responsible for local administration and operation of the program. The federal government finances 100 percent of the food stamp benefits and 50 percent of the states' administrative costs. In FY 1986, the benefits totaled about \$10.6 billion, and the Service's share of administrative expenses totaled about \$947 million. The estimated state overissuance of FY 1986 food stamp benefits totaled about \$850 million, resulting in sanctions against 44 states of about \$217 million. The Service uses its quality control and error-rate sanction systems to determine if a state is required to be sanctioned and, if so, the sanction amount.

**Food Stamp Program:
Progress and Problems in
Using 75-Percent Funding
for Automation**

GAO/RCED-88-58, Apr. 28.

The Food Stamp Act Amendments of 1980 authorizes the Secretary of Agriculture to pay each state agency 75 percent of their costs incurred for planning, designing, developing, or installing automatic data processing and information retrieval systems for their Food Stamp Programs. Agriculture's implementation of the act differed from the more restrictive language contained in the House Agriculture Committee report on this legislation. As a result, the Food and Nutrition Service has approved some state agency requests for 75-percent funding to (1) provide assistance to develop automated Food Stamp Programs more than once, (2) upgrade and modify existing automated systems, or (3) develop automated Food Stamp Programs that were not integrated with the Aid to Families With Dependent Children Program. The Service also approved requests for 75-percent funding for systems that are not able

to determine program eligibility or issue coupons and report on program operations, as required by Agriculture regulations. Finally, the Service's regional offices did not document that any of the approved state agency requests would perform all of the required program functions.

Commerce and Housing Credit

Small Business Administration: Status, Operations, and Views on the 8(a) Procurement Program

GAO/RCED-88-148BR, May 24.

The Small Business Administration's 8(a) program is available only to firms whose owners have been approved by SBA as socially and economically disadvantaged and, as such, are eligible to receive federal contracts without competition. The program continues to experience many problems previously identified; it has not essentially changed, except that many of the older firms have reached the end of their fixed program participation terms. Specifically, a large percentage of the 8(a) contracts continue to be awarded to a very few firms; firms may not be prepared for the competitive market at or near graduation; SBA's management efforts fall short of requirements; most 8(a) firms meet contract terms and conditions; and most 8(a) business is taken from the small business sector, but the impact on individual non-8(a) firms is unclear. About \$3 billion is spent annually on 8(a) procurements but this represents less than 2 percent of the federal government's total procurement but if the 8(a) program did not exist, most of the contracts would have gone to small businesses.

Regulatory Agencies: Administrative Expenses at FHLBB and FRB for 1985 and 1986

GAO/AFMD-88-33, June 15.

The Federal Home Loan Bank Board illegally augmented its budget in 1985 and 1986 by allowing its district banks to pay the costs of some travel, salaries, and consultant studies. These three types of expenditures are administrative expenses which are limited by the Congress and must be disclosed to it. In 1985 and 1986, the district banks paid approximately \$501,000 for salaries and travel, all of which the FHLBB should have paid. They paid about \$608,000 for consultant studies which involved FHLBB functions or responsibilities to a significant degree and may also have benefited the banks. With the above exceptions, both

the FHLBB and the Federal Reserve Board have adequate internal policies governing administrative expenditures. Some minor weaknesses in procedures or compliance were noted at both boards but officials are taking corrective actions.

**Postal Service:
How the Postal Service
Dealt With the Edmond,
Oklahoma, Tragedy**

Acc. No. 136100 (GAO/GGD-88-78), June 16.

In August 1986, an Edmond, Oklahoma, postal employee shot to death 14 of his co-workers, wounded 6 others, and then took his own life. The Service organized immediate assistance to the victims' families in preparing and submitting the necessary initial documents to obtain life insurance and burial benefits, and unpaid compensation. As a result, the families were paid most of their lump sum entitlement within 45 days of the tragedy. Because of concerns about infringing on the families' privacy, the Service did not initiate follow-up actions to find out if the families needed additional help in getting all of their benefits. This resulted in some families becoming frustrated with the continuous flow of paperwork. The Service then arranged immediate crisis intervention assistance. It did not have preplanned crisis management procedures for managing the aftermath of tragic events which affect both employees and customers.

**Home Ownership:
Targeting Assistance to
Buyers Through Qualified
Mortgage Bonds**

GAO/RCED-88-190BR, June 27.

The authority to issue tax-exempt qualified mortgage bonds terminates in December 1988. Should the Congress choose to extend the authority to issue these bonds, it could better target assistance by changing existing income and purchase price eligibility standards and/or establishing household size and age eligibility standards so that those who are eligible will not have the same characteristics as unassisted first-time buyers, as is currently the case. Other approaches could be (1) determining whether the buyer applying for a bond-assisted loan could buy the same house with a market-rate loan and (2) recapturing a portion of the subsidy from house price appreciation.

Social Services

Defaulted Student Loans: Preliminary Analysis of Student Loan Borrowers and Defaulters

GAO/HRD-88-112BR, June 14.

Student loans guaranteed through 1987 totaled over \$70 billion, with outstanding student debt almost doubling during the last 5 years. During the same 5-year period, total defaults increased by 176 percent. In FY 1987 alone, federal default claims amounted to about \$1.3 billion. Of the approximately 1.18 million borrowers who obtained their last guaranteed loan in 1983, 18 percent (over 228,000) had defaulted as of September 1987. Default rates varied substantially, however, depending on students' income levels, the type of schools they attended, and whether they were financially independent.

Pell Grants: Who Receives Them and What Would Larger Grants Cost?

GAO/HRD-88-106BR, June 14.

In the 1986-87 school year, about 2.8 million undergraduate students received over \$3.4 billion in Pell grants to help pay for their postsecondary education. The average grant was \$1,249. Most recipients were full-time, first-year students who received no financial support from a parent. About 35 percent of the recipients had no income and few got either the maximum dollar award or the maximum 60 percent of attendance cost. About one-third of first-year recipients attending 4-year schools did not receive a Pell Grant the following year and fewer students attending 2-year for profit trade schools, received grants in subsequent years than did public and private 2-year school students.

The Fair Labor Standards Act: Enforcement of Child Labor Provisions in Massachusetts

GAO/HRD-88-54, Apr. 28.

Violations of the Fair Labor Standards Act child labor provisions have increased significantly in recent years, particularly in the state of Massachusetts. Labor officials generally attribute the increase to the favorable economic conditions and low employment in that state. Supermarkets and fast food chains are the predominant employers of child labor. This report looks into the nature and type of child labor violations identified by the Wage and Hour Division which administers the act; whether WHD resolved child labor complaints through investigation rather than by conciliation; WHD's timeliness in responding to and investigating child labor complaints; civil money penalties assessed by WHD

and paid by employers found in violation of child labor provisions; and the number and severity of injuries sustained by minors found working in occupations deemed hazardous by Labor.

**Welfare:
Relationships and Incomes
in Households With AFDC
Recipients and Others**

GAO/HRD-88-78, May 11.

Recipients of Aid to Families with Dependent Children can live with nonrecipients because AFDC benefits are determined for an "assistance unit" rather than a "household." Two basic structures in these households consist of (1) two generations (parent and child) and (2) three generations (parent, child, and grandparent). Two distinct patterns of living arrangements for AFDC mothers are (1) older AFDC mothers likely to be the heads of their own households and (2) young AFDC mothers living with their parents. Different economic relationships are found between the two household types. In the three-generation household, nonrecipients have a higher per capita income than recipients. In two-generation households, the overall income levels of AFDC recipients and nonrecipients were similar. AFDC families in two-generation households have higher per capita incomes than either AFDC families in three-generation households or those living in households composed solely of AFDC recipients.

**Welfare Reform:
Projected Effects of
Requiring AFDC for
Unemployed Parents
Nationwide**

Acc. No. 135977 (GAO/HRD-88-88BR), May 23.

GAO had little basis to judge the reasonableness of the numerous, often differing assumptions used for estimates in which states would adopt the optional Aid to Families with Dependent Children for Unemployed Parents program; thus it could not determine their reliability. Nevertheless, the Congressional Budget Office's and the Department of Health and Human Services' federal and states estimates for H.R. 1720—\$945 million and \$961 million, respectively—and for S. 1511—\$915 million and \$1.090 billion, respectively—are similar. GAO identified very little information about AFDC-UP's family stability effects. But one study focusing on the effects of guaranteed income on black, white, and Hispanic recipients, showed that family breakups were 40 to 60 percent higher for black and white families receiving guaranteed income than for control group families who did not.

**Parental Leave:
Estimated Cost of Revised
Parental and Medical
Leave Act**

GAO/HRD-88-103, May 26.

The revised Parental and Medical Leave Act of 1987 would cover employees in firms with 20 or more workers who had been with the firm at least a year and had worked 900 or more hours during the previous 12-month period. The original bill covered workers in firms with 15 or more employees without regard to length of service. Other changes reduce the length of unpaid leave allowed. Employees would be permitted 10 weeks, rather than 18 weeks, of unpaid leave upon the birth, adoption, or serious illness of a child. For personal illness, 13 weeks, rather than 26 weeks, is allowed. Upon returning to work, an employee is guaranteed the same or an equivalent job. The legislation also specifies that employees must continue health benefits for workers while on unpaid leave on the same basis as if the employee were still working, but does not require the continuance of other employee benefits. Cost of the proposal to employers will be less than \$194 million annually.

Health

**HCFA Research:
Agency Practices and
Other Factors Threaten
Quality of Mandated
Studies**

GAO/PEMD-88-9, June 3.

Mandated reports from the Office of Research and Demonstrations to the Congress on research, demonstrations, and evaluation of the Medicaid and Medicare programs were not fully responsive to congressional mandates, were frequently late, and were variable in their technical adequacy. Not a single stage of the research management process—planning, project execution, or report review—was without problems. Overall, the relevance, timeliness, and technical adequacy of the office's research and evaluation activities have improved little since the early 1980s.

**AIDS Education:
Printing and Distribution
of the Surgeon General's
Report**

GAO/HRD-88-80FS, Apr. 27.

In October 1986, the Surgeon General issued his report on AIDS. Processing of a large congressional order of the report took 5 months to complete. The Centers for Disease Control, the responsible organization for reproducing the report and distributing copies, did not maintain a sufficient inventory at the time of the request and combined numerous congressional requests into a single contract, which increased printing time

but saved printing costs. Additional copies had to be ordered under a new contract.

**Biomedical Research:
Issues Related to
Increasing Size of NIH
Grant Awards**

GAO/HRD-88-90BR, May 6.

National Institutes of Health research grant awards have been increasing in size due to inflation and the fact that the costs of biomedical research may be rising more rapidly than the rate of inflation in general; the types of grants funded; increased personnel costs; indirect costs; and the increasing complexity of research and the increased use of human subjects and/or animals in research. GAO believes that the Department of Health and Human Services should analyze the increasing size of research grants and report to the Congress on the results of its analyses and any measures taken or required to ensure the adequacy of controls over research grant awards.

Income Security

**Social Security:
Staff Reductions and
Service Quality**

GAO/HRD-88-97, May 13.

The quality of Social Security Administration service for the quarter ending December 1987 improved in most cases when compared to data for the December 1986 quarter. Two exceptions are the processing time for hearings which continues to increase and the Retirement and Survivors Insurance process accuracy for initial claims, which declined. Client satisfaction remains high but morale problems within the agency continue.

**Food Assistance:
A Swedish Case Study**

Acc. No. 136164 (GAO/RCED-88-181BR), June 23.

Sweden does not have any food assistance programs administered by the central government. They are funded by both the central and local governments, administered by the latter, and provide free school lunches for all children and subsidized meal services for the elderly. Sweden disposes of its surplus commodities primarily through subsidized export sales and contributions to international food aid programs. It does not have large quantities that require storage, as do the European Community and the United States. The programs are a small part

of a larger social welfare system that guarantees an adequate standard of living to all Swedish citizens. Financed by income tax payments and supported by a small and culturally homogeneous population, Sweden's comprehensive social welfare system has virtually eliminated the working poor.

Veterans Affairs

VA Health Care: Monitoring of Cardiac Surgery and Kidney Transplantation

GAO/HRD-88-70, May 26.

The Veterans Administration has established minimum standards for determining whether a medical center performing cardiac surgery is maintaining an acceptable level of utilization and patient mortality. It does not use the standards, however, as the sole basis for judging a center's performance but rather as a means of identifying centers that may be experiencing performance problems. But its monitoring is not adequate to (1) help centers not meeting the standards to improve their performance or (2) assess their potential for meeting the standards. VA has also established a minimum utilization standard for assessing centers' performance of kidney transplants. But it has not adopted standards for assessing the centers' survival rates for patients and transplanted kidneys. VA needs to establish these survival rate standards and use them to evaluate each center's performance so that those not performing at an acceptable level are identified promptly.

Administration of Justice

Domestic Terrorism: Prevention Efforts in Selected Federal Courts and Mass Transit Systems

Acc. No. 136163 (GAO/PEMD-88-22), June 23.

Concern has been raised that security measures imposed without thorough study and planning may lead to unintentionally repressed civil liberties. Courts have programs to protect against high-risk and more general threats. When selecting risk-reduction strategies, most court officials seek to preserve the openness of the court process and to protect the civil liberties of the general public, but the protection of the participants in judicial activities are paramount. Transit officials GAO

visited had no direct experience of terrorist incidents, perceived the likelihood of incidents to be remote, and had no antiterrorism programs. They do have crime prevention and safety programs to protect people, property, and system operations. The officials expressed little awareness about the intrusiveness of their protective strategies vis-a-vis the civil liberties of the general public.

**Drug Interdiction:
Operation Autumn
Harvest: A National
Guard-Customs Anti-
Smuggling Effort**

Acc. No. 135960 (GAO/GGD-88-86), June 2.

Operation Autumn Harvest, the largest cooperative drug interdiction operation in the continental United States involving the National Guard, was to detect and apprehend smugglers bringing drugs across the Arizona-Mexico border in aircraft. It did not meet its primary objective of interdicting drug smugglers, but it may have helped deter drug smuggling across the Arizona-Mexico border for a short period of time. Also, it may have indirectly led to some drug interdictions elsewhere. Radar units identified 93 suspect targets meeting Customs' drug smuggling profile. Customs and/or Guard aircraft attempted to visually identify and intercept 33 of the 93 targets; six were actually intercepted, and none was carrying drugs. Operation Autumn Harvest was not adequately coordinated and Customs was not sufficiently involved in the planning.

General Government

**Tax Policy and
Administration:
1987 Annual Report on
GAO's Tax-Related Work**

Acc. No. 135995 (GAO/GGD-88-89), June 6.

This is GAO's annual report for calendar year 1987 on tax policy and administration matters. It consists of (1) open recommendations to Congress from reports issued during calendar year 1987; (2) open recommendations to Congress from reports issued before calendar year 1987; (3) tax-related recommendations made during calendar year 1987 to the Treasury, the Department of Health and Human Services, and the Internal Revenue Service, and their responses to those recommendations; (4) summary of GAO products on tax matters and related congressional actions during calendar year 1987; (5) listing of GAO products on tax matters issued during calendar year 1987; (6) listing of testimonies

given on tax matters by GAO officials before various committees of Congress during calendar year 1987; and (7) tax-related assignments authorized pursuant to 31 U.S.C. 713 during calendar year 1987.

**Tax Administration:
IRS Could Reduce the
Number of Unproductive
Business Nonfiler
Investigations**

GAO/GGD-88-77, May 24.

GAO randomly selected and analyzed a sample of 1,976 business nonfiler tax return investigations closed in FY 1987 and found that in (1) 15 percent, or 298 cases, IRS erroneously issued multiple employer identification numbers to businesses that filed the questioned return under only one of the numbers; (2) 19 percent, or 369 cases, businesses did not follow IRS regulations to file employment tax returns when no tax was owed; and (3) about 16 percent, or 317 cases, the case files showed that IRS did not accurately update the master file with the results of the nonfiler investigations. Inaccurate filing requirements will likely result in future unproductive investigations or decrease the likelihood of IRS detecting future nonfilers.

**Tax Policy:
Preliminary Analysis of
the Research and
Experimentation Tax
Credit**

Acc. No. 136177 (GAO/GGD-88-98BR), June 17.

In tax years 1981 through 1984, corporations with assets greater than or equal to \$250 million used 77.6 percent of the total credit claimed for certain incremental investments in research and experimentation activities. GAO's analysis of income tax return data for a sample of 927 of these corporations showed that (1) corporations in the manufacturing industry have made the most use of the credit; (2) the amount of credit used compared to the amount available has declined from 91 percent in 1984; (3) the percent of corporations affected by the 50-percent limit has steadily decreased from 11.4 percent in 1981 to 4.5 percent in 1984; (4) the percent of corporations whose spending was below the base period constraint, and thus could not earn a credit, rose over the 4-year period from 21.8 percent to 43.6 percent; and (5) 78 percent of the credit was earned by the 29 percent of the corporations whose qualified research expenditures have grown steadily over the 4-year period.

**Tax Policy:
Mortality Charges on
Single Premium Life
Insurance Should Be
Restricted**

GAO/GGD-88-95, June 14.

Current law allows life insurance companies to set their premiums based on the mortality charges specified in the policy, thus making it possible to enhance the policy's investment potential because companies can specify higher mortality charges. Policies that are designed with increased mortality assumptions have larger premiums and increase the amount available for tax-free policy loans. Several proposals have been offered to eliminate tax advantages associated with single premium life insurance. Whichever alternative is chosen should be one designed to limit the tax advantages associated with using mortality charges to enhance the investment attributes of a life insurance contract. This would eliminate excessive borrowing and reduce the incentive to inflate mortality assumptions.

**Government Consultants:
Agencies' Consulting
Services Contract
Obligations for Fiscal Year
1987**

GAO/GGD-88-99FS, June 23.

Recognizing that substantial underreporting of the government's use of consulting services contracts was occurring, the President's Cabinet Council on Management and Administration determined that four categories of product/service codes in the Federal Procurement Data System—management and professional services, special studies and analyses, technical assistance, and management reviews of program-funded organizations—were solely for consulting services. Other categories could include consulting services. FPDS reported that federal agencies incurred contract obligations of \$245 million for consulting services in FY 1987. Reported obligations identified by the Cabinet Council under the first four categories totaled about \$4 billion for FY 1987. The Office of Management and Budget improved its guidance to federal agencies on the reporting of consulting services but the revised circular does not completely cover categories other than the four. This leaves agencies considerable discretion in identifying consulting services contracts, and underreporting could continue.

**Decennial Census:
Minicomputer
Procurement Delays and
Bid Protests: Effects on
the 1990 Census**

GAO/GGD-88-70, June 14.

In January 1986 the Bureau of the Census decided to procure an estimated 555 minicomputers at a maximum potential cost of \$80 million to improve data collection activities, primarily for the 1990 census. The contract was awarded in May 1987. Two bid protests were filed. Incomplete plans for the 1990 Decennial Census' organization and procedures

prevented the Bureau from fully identifying, documenting, and planning for its ADP needs and initiating the minicomputer procurement process in a timely manner. This late start was compounded by a 6-month delay in the Bureau's planned minicomputer procurement schedule. The Bureau settled the first bid protest by paying a total of \$1.1 million to three offerors because it felt it could not afford the additional time required to resolve the protest. The cash settlement could have been avoided if the Bureau had not failed to plan properly for and manage the minicomputer procurement. The delays also contributed to a decrease in the time available to develop and test software for the 1990 census and increased costs.

**ADP Modernization:
IRS' Tax System Redesign
Progress and Plans for the
Future**

GAO/IMTEC-88-23BR, Apr. 27.

The Internal Revenue Service's current automated data processing systems are outdated and inefficiently designed, hindering high quality service. Since spring 1987, IRS has made progress in initiating the groundwork for planning, analyzing, and managing a redesign plan whose concepts consist of (1) large corporate data bases of information, (2) departmental data bases, and (3) systems to provide automated support for specific local offices. Over the next 2 years, IRS plans to perform cost/benefit analyses for several different system design alternatives, complete and obtain approval of its acquisition strategy, and define user requirements.

**Information Systems:
Agencies Overlook
Security Controls During
Development**

GAO/IMTEC-88-11, May 31.

In 1985, GAO identified nine agencies' that were not meeting federal criteria and good system development practices for incorporating security controls into the development of their automated information systems. All were vulnerable to abuse, destruction, error, fraud, and waste. In the early stages of development no agency treated information security as an integral functional requirement. Deficiencies in existing governmentwide policies, standards, and guidelines may significantly contribute to the pervasiveness of the common weaknesses observed. While inadequate consideration of security control issues during the development stages will not necessarily result in weaknesses in the operational system, GAO believes the weight of evidence if obtained, coupled with the magnitude of potential damage, should prompt agencies to take corrective actions. A supplement to this report, IMTEC-88-11S, presents the

details of the model that served as the criteria underlying GAO's assessments. Also presented are potential effects of not successfully incorporating appropriate security controls into system development.

**DC Government:
The Federal Payment to
the DC Government Under
Alternative Payment
Methods**

GAO/GGD-88-80FS, May 5.

This fact sheet updates table 5-1 of the GAO report GGD-81-67, Apr. 23, 1981, which shows the actual federal payments to the DC government for FY 1980 and 1981 and a projection of what the payment would be in 5 future years under certain payment alternatives. The updated version shows federal payments under various alternatives that range from \$425 million to over \$1 billion. The highest payments result from the use of a formula that is 40 percent of general fund revenues. The lowest payments are based on the currently authorized annual federal payment of \$425 million. As outlined in the Home Rule Act, the costs and benefits associated with the federal presence in the District are to be the primary criteria to be considered in determining the level of the federal payment.

**U.S. Commission on Civil
Rights:
Concerns About
Commission Operations**

GAO/GGD-88-71, May 26.

Thirteen areas of concern were raised about the U.S. Commission on Civil Rights. These areas include employment trends; hiring and use of consultant, temporary, and Schedule C employees; referrals from state employment service offices; Affirmative Action; awards and promotions; Commissioners' and Special Assistants' billings; financial disclosure reports; Commission travel; appropriations; lobbying; Commission automobile; state advisory committees; and contracting. Limited availability of records hampered GAO's ability to develop complete information for several of the areas of concern. Before 1983, the Commission's recordkeeping guidelines did not require retention of most records and generally were not retained. For FY 1983 and later, some records that should have been available were missing or incomplete. Findings for these 13 areas of concern, insofar as available records would allow, are summarized in this report.

**U. S. Commission on Civil Rights:
Compliance With
Appropriation Provisions
as of March 31, 1988**

Acc. No. 136101 (GAO/GGD-88-91), June 2.

Congress provided a \$5.7 million lump sum appropriation for the Commission on Civil Rights' FY 1988 expenses. Within this lump sum, Congress established two line item appropriations, each specifying the amount available only for the activity described. The Commission was in compliance with each of the FY 1988 line item appropriations but it needs to recompute its obligations for temporary employees. Calculations of these obligations did not include amounts for all temporary employees or benefits for any of them. These omissions might have caused the Commission to unknowingly exceed the legal limitation by the end of the fiscal year.

**Financial Management:
Progress of OMB's Chief
Financial Officer**

GAO/AFMD-88-52, June 6.

The administrative appointment of a CFO has started the process of establishing a central office and position dedicated to planning, implementing, and monitoring financial management reform efforts. But the CFO's agenda contains many initiatives with target dates that, from the outset, were overly optimistic and could, therefore, not be realized. However, he has begun to provide central leadership and guidance for improving agencies' financial systems and internal controls; opportunities for additional responsibilities are possible. Consensus as to the need to legislate the position of Chief Financial Officer continues to grow. And the need to focus on the specific details which can lead to enactment, such as to where to best locate him within the governmental structure, now exists.

**Leasing Office Space:
FAA's Denver Solicitation
May Have Unduly
Restricted Competition**

GAO/GGD-88-72BR, June 28

The Federal Aviation Administration requested and obtained a "delegation of authority" from the General Services Administration to lease office space at Stapleton Airport in Denver, Colorado. FAA's solicitation to acquire this space may have unduly restricted competition, since the record does not demonstrate that the agency's actual need is for space on the airport grounds. FAA should review its space needs at Stapleton to determine whether its actual requirements are for space near the airport. FAA should also consider a resolicitation that provides offerors with space located on or near Stapleton Airport an opportunity to compete and an indication of the weight to be accorded proximity to the airport.

**Financial Audit:
Senate Barber Shops
Revolving Fund for the
Years Ended December 31,
1987 and 1986**

Acc. No. 135994 (GAO/AFMD-88-46), June 7.

The Senate Barber Shops Revolving Fund showed a net income for operations and undistributed income of \$123,309 as of December 1987 and \$116,675 for December 1986. Its total operating expenses were \$9,559 and 10,849 for the same periods, respectively.

**Congressional
Testimony by GAO
Officials**

Impact of Vocational Rehabilitation Services on the Social Security Disability Insurance (DI) Program, by Franklin Frazier, Human Resources Division, before the Subcommittee on Social Security, House Committee on Ways and Means, May 26. GAO/HRD/T-88-16.

Issues Related To An Independent FAA, by Kenneth M. Mead, Resources, Community, and Economic Development Division, before the Subcommittee on Aviation, House Committee on Public Works and Transportation, June 2. GAO/T-RCED-88-45. Acc. No. 135972.

GAO's Comments on the Defense Contract Profit Policy Act of 1988, by Frank C. Conahan, National Security and International Affairs Division, before the Acquisition Policy Panel, House Committee on Armed Services, June 2. GAO/T-NSIAD-88-33. Acc. No. 135970.

H.R. 4574: Reauthorization of the Inspector General Cash Award Program for Cost Savings Disclosures, by Rosslyn S. Kleeman, General Government Division, before the Subcommittee on Civil Service, House Committee on Post Office and Civil Service, June 7. GAO/T-GGD-88-37. Acc. No. 135998.

The Postal Service and the Unified Budget, by Milton J. Socolar, Special Assistant to the Comptroller General of the United States, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, June 7. GAO/AFMD-T-88-14. Acc. No. 135997.

Budget Reform for the Federal Government, by Charles A. Bowsher, Comptroller General of the United States, before the Senate Committee on Governmental Affairs, June 7. GAO/T-AFMD-88-13. Acc. No. 136008.

Educating People at Risk for AIDS, by Eleanor Chelimsky, Program Evaluation and Methodology Division, before the Senate Committee on Governmental Affairs, June 8. GAO/T-PEMD-88-8. Acc. No. 136010.

Federal Drug Abuse Control Policy and the Role of the Military in Anti-Drug Efforts, by Charles A. Bowsher, Comptroller General of the United

States, before the Senate Committee on Armed Services, June 8. GAO/T-GGD-88-38. Acc. No. 136025.

Issues Concerning CDC's AIDS Education Programs, by Michael Zimmerman, Human Resources Division, before the Senate Committee on Governmental Affairs, June 8. GAO/T-HRD-88-18. Acc. No. 136009.

Federal Government's Use of Consulting Services, by Bernard L. Ungar, General Government Division, before the Subcommittee on Federal Services, Post Office, and Civil Service, Senate Committee on Governmental Affairs, June 13. GAO/T-GGD-88-39. Acc. No. 136040.

Federal Employee Drug Testing, by L. Nye Stevens, General Government Division, before the Subcommittee on Human Resources and the Subcommittee on Civil Service, House Committee on Post Office and Civil Service, June 16. GAO/T-GGD-88-40. Acc. No. 136078.

Status of the 1990 Decennial Census, by Richard L. Fogel, Assistant Comptroller General, before the Subcommittee on Federal Services, Post Office and Civil Service, Senate Committee on Governmental Affairs, June 17. GAO/T-GGD-88-42. Acc. No. 136079.

Superfund De Minimis Settlements, by Richard L. Hembra, Resources, Community, and Economic Development Division, before the Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce, June 20. GAO/T-RCED-88-46. Acc. No. 136109.

OSHA's Resumption of Private Sector Enforcement Activities in California, by William J. Gainer, Human Resources Division, before the Subcommittee on Employment and Housing, House Committee on Government Operations, June 20. GAO/T-HRD-88-19. Acc. No. 136114.

Comparison of Amtrak Employee Injury Settlement Costs Under the Federal Employers' Liability Act and State Workers' Compensation Programs, by Neal P. Curtin, Resources, Community, and Economic Development Division, before the Subcommittee on Surface Transportation, Senate Committee on Commerce, Science and Transportation, June 22. GAO/T-RCED-88-49. Acc. No. 136135.

Sugar Program: Issues Related to Imports of Sugar-Containing Products, by Brian P. Crowley, Resources, Community, and Economic Development Division, before the Subcommittee on Cotton, Rice and Sugar, House Committee on Agriculture, June 22. GAO/T-RCED-88-48. Acc. No. 136134.

Views on DOE's Clean Coal Technology Program, by John W. Sprague, Resources, Community, and Economic Development Division, before the Subcommittee on Energy and Power, House Committee on Energy and Commerce, June 22. GAO/T-RCED-88-47. Acc. No. 136148.

Asset Forfeiture Programs: Progress and Problems, by Gene L. Dodaro, General Government Division, before the Senate Subcommittee on Federal Spending, Budget and Accounting, June 23. GAO/T-GGD-88-41. Acc. No. 136150.

U.S. Sanctions Against South Africa, by Allan I. Mendelowitz, National Security and International Affairs Division, before the Senate Committee on Foreign Relations, June 24. Acc. No. 136178.

The Congressional Award Program, by Dennis J. Duquette, Accounting and Financial Management Division, before the Subcommittee on Select Education, House Committee on Education and Labor, June 28. GAO/T-AFMD-88-15.

Competition Between Tax-Exempt Organizations and Taxable Businesses, by Jennie S. Stathis, General Government Division, before the House Committee on Small Business, June 28. GAO/T-GGD-88-43.

The Future of DOE's Uranium Enrichment Program, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Energy and the Environment, House Committee on Interior and Insular Affairs, June 28. GAO/T-RCED-88-50.

Postal Service Employment, by L. Nye Stevens, General Government Division, before the Subcommittee on Government Information, Justice, and Agriculture, House Committee on Government Operations, June 29. GAO/T-GGD-88-44.

History and Management of the DOE/Air Force Small Reactor Project, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Environment, Energy, and Natural Resources, House Committee on Government Operations, June 29. GAO/T-RCED-88-51.

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NATIONAL DEFENSE

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GAO/NSIAD-88-160, June 30.
- ☐ Procurement: Multiyear Contracting and Its Impact on Investment Decisions
GAO/NSIAD-88-125, May 10.
- ☐ Strategic Defense Initiative Program: National Test Bed Acquisition Has Not Proceeded As Planned
Acc. No. 136026 (GAO/NSIAD-88-180FS), June 9.
- ☐ Strategic Defense Initiative Program: Information on Reprogramming and Department of Energy Efforts
GAO/NSIAD-88-162FS, May 27.
- ☐ Air Force Pilots: U.S. Air Force Requirements, Inventory, and Related Data
Acc. No. 135964 (GAO/NSIAD-88-163), June 1.
- ☐ Inventory Management: Air Force Inventory Accuracy Problems
GAO/NSIAD-88-133, May 12.
- ☐ Aircraft Preservation: Preserving DOD Aircraft Significant to Aviation History
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